

Message Text

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ORIGIN AGR-08

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TO AMEMBASSY ROME IMMEDIATE

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E.O. 11652: N/A

TAGS: EAGR, EAID

SUBJECT: PROJECTED PL 480 SHIPMENTS, FY 1975

FOR SECRETARY BUTZ FROM GOODMAN, FAS

1. FOLLOWING TABLE REPRESENTS COMMODITY AMOUNTS WHICH WE
ESTIMATE COULD BE SHIPPED FY 75, WITH TOTAL PROGRAM LIMITATION
SET DOLS 996 MILLION (891 MILLION COMMODITY, 105 OCEAN TRANSPORTA-
TION COSTS). THESE AMOUNTS BASED ON CURRENT PRICE ESTIMATES
AS FOLLOWS:

WHEAT/PRODUCTS: DOLS 201/METRIC TON (\$195/METRIC TON BULK
WHEAT)

RICE: \$425/MT

CORN/GRAIN SORGHUM/PRUDICTS: DOLS 176 MT (EST. ACTUAL WEIGHTED
AVERAGE)

SOYBEAN OIL: \$1,051/MT (EST. ACTUAL AVERAGE)

COTTON: \$250/BALE; \$2,756/MT FOR YARN

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TOBACCO: \$2,756/MT

TABLE ASSUMES WE CONTINUE TO HOLD TO CURRENT NON-FOOD PROGRAM
PROJECTION OF 100,000 BALES COTTON/COTTON EQUIVALENT OF YARN,
AND \$30 MILLION TOBACCO.

2. ALL VALUE FIGURES SHOWN BELOW ARE IN MILLIONS OF DOLLARS.

COMMODITY	TITLE I	TITLE II	TOTAL
000 MT \$	000 MT \$	000 MT \$	
WHEAT PRODUCTS	1,343.0	\$261.9 540.6	\$116.2 1,883.6 \$378.1
EDGRAIN PROD	14.5	2.0 303.0	54.0 317.5 56.0
(AS FOOD)	(- -)	(303.0 54.0)	(303.0 54.0)
(AS FEED)	(14.5 2.0)	(- -) (14.5 2.0)	
RICE	847.5	360.2 0.5 0 2	848.0 360.4
VEG OIL	16.3	14.8 31.4	35.3 47.7 50.1
COTTON/PRODUCTS			
(BALES)	100.0	27.6 - -	100.0 27.6
TOBACCO	10.9	30.0 - -	10.9 30.0
TOTAL COMMODITY		696.5	205.7 902.2
ESTIMATED OCEAN			
TRANSPORTATION		20.3	73.5 93.8
TOTAL PROGRAM VALUE		716.8	279.2 996.0

3. IN CONSTRUCTING THESE ESTIMATES WE HAVE USED MINIMUM WHEAT
FIGURE OF 1.831 MILLION TONS AND MINIMUM RICE FIGURE OF 491
THOUSAND TONS SINCE WE PRESENTLY ARE COMMITTED TO THESE LEVELS
UNDER THE DOLS 654 MILLION COMMODITY COST LIMIT AGREED
TO FOR NEGOTIATION THROUGH 12/31/74 WITH SHIPMENTS
RUNNING WELL INTO CY 1975. (BELL HAS TABLE COMPARABLE TO
DOLS 654 MILLION).
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WE HAVE USED CLOSE TO ACTUAL COSTS IN THE CASE OF FEED
GRAINS AND VEG OIL SINCE MOST OF WHAT WE CURRENTLY PLAN FOR
THE ENTIRE YEAR IS ALREADY ORDERED FORWARD.

NOTE THAT RICE PRICE INCREASED FROM DOLS 360 PER TON TO DOLS 425
PER TON SINCE OPEC AND OTHER DOLLAR BUSINESS HAS STRENGTHENED
MARKET. ALSO WE HAVE AUTHORIZED ONLY 125,000 MT OF RICE SO FAR

OF WHICH ONLY 75,000 MT PURCHASED.

4. SINCE SMALLER AMOUNTS WOULD BE SHIPPED THAN CONTEMPLATED ORIGINALLY, THE OCEAN TRANSPORTATION COST WOULD BE LESS EVEN THOUGH RATES HAVE INCREASED SINCE BUDGET SUBMITTED. THUS, THE ABOVE TABLE SHOWS DOLS 902.2 MILLION COMMODITY COSTS AND DOLS 93.8 MILLION OCEAN TRANSPORTATION COSTS AS AGAINST THE DOLS 891 MILLION AND ABOUT DOLS 105 MILLION IN THE BUDGET PRESENTATION IN PARA ONE.

5. IF NO COTTON OR TOBACCO WERE TO BE SHIPPED ABOVE AMOUNTS ALREADY EXPORTED OR AUTHORIZED FOR PURCHASE, ABOUT DOLS 22.4 MILLION COULD BE REPROGRAMED. THIS WOULD BUY ABOUT 90 THOUSAND MT WHEAT WITH SOME ADJUSTMENT FOR OCEAN FREIGHT.

6. NONFAT DRY MILK - WE EXPECT HAVE AT LEAST 150 MILLION POUNDS AVAILABLE FOR FY 1975 SHIPMENT WITH AN ESTIMATED COST OF DOLS 90 MILLION, VIRTUALLY ALL OF WHICH HAS BEEN SPENT UNDER CCC PROGRAMS. THIS AMOUNT COULD BE SHIPPED UNDER TITLE II WITH ADDITIONAL OCEAN TRANSPORTATION COSTS OF LESS THAN DOLS 10 MILLION. THEREFORE, IF THIS AMOUNT OF MILK IS ACCEPTABLE TO VOLAGS AND THE WORLD FOOD PROGRAM, ADDITIONAL PL 480 COST WOULD RUN ABOUT DOLS 100 MILLION, BUT THE NET ADDITIONAL COSTS TO USDA WOULD BE IN NEIGHBORHOOD OF DOLS 10 MILLION.

7. FOLLOWING IS A TABLE SHOWING FIGURES FOR FY 74 COMPARABLE TO THOSE SHOWN PARA 2 ABOVE (DOLLARS IN MILLIONS):

COMMODITY	TITLE I	TITLE II	TOTAL
000 MT \$	000 MT \$	000 MT \$	000 MT \$
WHEAT/PRODUCTS	754.8	\$109.5 723.6	\$142.6 1,478.4 \$252.1

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FEEDGRAIN/PROD	422.6	35.9	702.6	104.3	1,125.2	140.2
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(AS FOOD)	(08	0.2	(702.6	104.3)	(703.4	104.5)
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(AS FEED)	(421.8	35.7)	(-	-)	(421.8	35.7)
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RICE	591.6	317.3	-	-	591.6	317.3
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VEGOIL	68.8	36.2	54.5	36.1	123.3	72.3
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COTTON/PROD.

(BALES)	126.2	38.0	-	-	126.2	38.0
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TOBACCO	10.9	30.5	-	-	10.9	30.5
TOTAL COMMODITY		567.4			283.0	850.4
ESTIMATED OCEAN						
TRANSPORATION		10.7			101.6	112.3
TOTAL PROG. VALUE		578.1			384.6	962.7
KISSINGER						

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